

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 740 - SB 1259

April 22, 2019

**SUMMARY OF ORIGINAL BILL:** Replaces the Department of Economic and Community Development (ECD) with the Tennessee Higher Education Commission (THEC) as the state agency charged with administering grants related to the labor education alignment program (LEAP). Removes the word "liability" so that local education agencies (LEAs) and state higher education institutions are required only to maintain insurance coverage for students participating in LEAP rather than liability insurance, in regards to workers' compensation related injuries.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – There will be a shift of \$1,000,000 in state funds from ECD to THEC. The net impact to state expenditures is considered not significant.

**SUMMARY OF AMENDMENT (008624):** Deletes and rewrites all language after the enacting clause. Replaces the Department of Economic and Community Development (ECD) with the Tennessee Higher Education Commission (THEC) as the state agency charged with administering grants related to the labor education alignment program (LEAP). Removes from current law, the requirement that an LEA or state institution of higher education that coordinates work-based learning for students to maintain liability insurance coverage for all participating students and instead requires a qualified work-based learning student who participates in work-based learning be covered for medical benefits by the employer, employer's worker's compensation insurance carrier, or employer's workers' compensation insurance pool or trust, for any injury that is covered under the workers' compensation law.

Requires an LEA that implements work-based learning to maintain student accident insurance coverage. Requires the DOE, the Department of Labor and Workforce Development (DLWD), the Bureau of Workers' Compensation (BWC), and ECD, to make information available to employers and LEAs on applicable wage and hour laws, child labor laws, safety and health laws, workers compensation, accident insurance, and liability insurance.

Requires THEC to establish and administer a qualified work-based learning grant program to incentivize employer participation in work-based learning and to assist employers with costs associated with work-based learning. Creates a separate fund within the General Fund to be known as the Qualified Work-based Learning Grant Fund (Grant Fund). Requires THEC to select a nonprofit as a program operator to administer the program established and to issue a grant from funds available in the Grant Fund to the program operator selected by THEC. States

certain criteria required for an employer to qualify for work-based learning grants and how the grants may be used.

Requires THEC to submit a report to the Education Committee of the Senate and the Education Committee of the House of Representatives detailing, for each LEAP established in this state, the academic credit attainment of participants and an overview of each program on or before January 15 of each year.

Requires the Grant Fund to be composed of funds appropriated by the General Assembly, gifts, grants, and donations.

## **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Unchanged from the original fiscal note.**

Assumptions for the bill as amended:

- Currently, ECD is responsible for awarding and administering LEAP grants to community colleges and colleges of applied technology. The Department is also responsible for submitting an annual report to the DLWD regarding any workforce needs in the state.
- The provisions of this legislation would move all such responsibilities to THEC.
- In FY18-19, \$1,000,000 was appropriated for LEAP out of the General Fund to ECD; it is assumed \$1,000,000 will be appropriated for LEAP in each subsequent year.
- The provisions of this legislation would require a shift in those recurring funds from ECD to THEC in order to implement LEAP. As a result, there will be a shift of recurring state funds estimated to be \$1,000,000 from ECD to the THEC for the purpose of administering LEAP. Any net impact to state government is considered not significant.
- Requiring an LEA that implements work-based learning to maintain student accident insurance coverage for students participating in LEAP will not significantly impact state or local expenditures as LEAs are currently required to maintain insurance.
- The Department of Education (DOE), DLWD, BWC and ECD can make information available to employers and LEAs on applicable wage and hour laws, child labor laws, safety and health laws, workers compensation, accident insurance, and liability insurance within existing resources without an increase to state expenditures.
- THEC will partner with a nonprofit entity to administer the program established and will issue grants from funds available in the Grant Fund to the program operator selected by THEC; therefore, the provisions of this legislation will not have a significant impact on THEC administrative expenditures.
- THEC can submit a report to the Education Committee of the Senate and the Education Committee of the House of Representatives detailing, for each LEAP established in this state, the academic credit attainment of participants and an overview of each program within existing resources.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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